

**Government Reform & Restructuring Commission**  
**Consolidation of Shared Services Subcommittee**

Virginia State Capitol-House Room C  
July 8, 2010- 1:00 pm

Meeting Attendees: Ron Tillett, Secretary Ric Brown, Alexandra Liddy Bourne, Jack Rust, Senator Ryan McDougle

Commission Senior Advisors: Bill Leighty, Matt Bruning, AG office's

Presenters: Frieda Yueh (IBM), Dean Merrill (CGI), Dan Elam (IQ Business Group), Joe Damico (DGS), Richard F. Sliwoski (DGS)

Opening

Committee Chair Ron Tillett called the meeting to order at 1:06 pm. Mr. Rust moved for the adoption of the last meeting's minutes, which Ms. Bourne seconded and the committee approved.

Presentations

"Government Evolution towards Increased Efficiency"- Frieda Yueh, Strategic Trends and Directions, Public Sector Solutions, IBM Americas

- Ms. Yueh described four areas in which other states had been successful in consolidating and improving services: client-facing or front office operations, back office operations, infrastructure, and information. She emphasized the need for a small-step approach to consolidation in order to plan effectively and to gain agencies' support. She suggested using a sponsoring agency as the model for consolidation and expand based on its successes.
- Comments: Mr. Tillett asked what services and functions have the greatest opportunities for consolidation and cost-savings based on IBM's experience. Ms. Yueh said that both social services and corrections have opportunities for cost-savings through streamlined case management and reduced recidivism, but that investments may be necessary to achieve these savings. Senator McDougle asked for examples of technological ways to reduce recidivism. Ms. Yueh explained how Florida's Dept of Juvenile Justice had examined patterns in delinquency and individual profiles and developed tailored programs for youth based on these patterns. She added energy usage monitoring also reduced costs. Ms. Bourne cautioned about the use of predictive patterns to develop correctional programs without professional guidance. Mr. Tillett and Mr. Rust asked about specific opportunities for Virginia. Andy Harmon, a Virginia employee of IBM, mentioned asset management and smart buildings, which the Commonwealth and IBM are currently working on. Ms. Yueh added email standardization, consolidation of printing services, and document management. Mr. Rust commented on the risk of customization, which Ms. Yueh said was minimized if you reengineer the system before bringing in technology. Mr. Leighty asked where Virginia was relative to the private sector and other states in back office consolidation. Ms. Yueh said that Pennsylvania had done a good job with consolidation due to continued oversight.

“Commonwealth of Virginia Non-Tax Collections Strategic Study”- Dean Merrill, Vice President, CGI

- Mr. Merrill summarized the findings of the VATAX study on non-tax debts, such as fees, rent, and billing. There is no centralized system and little shared information on non-tax debt collection in Virginia. Mr. Merrill said that establishing a shared services center for non-tax debt collection would help the state recover \$50-100 million in debts.
- Comments: Mr. Rust asked about uniformity in debt write-off criteria. Mr. Merrill said that there was variance in the criteria as well as in electronic access, enforcement, and case management. Senator McDougle asked at what point debt collection should be centralized, which Mr. Merrill said was at delinquency before it reached the attorney general’s office. Mr. Rust asked how criteria for collectability would be set. Mr. Merrill suggested developing criteria through the agencies, rather than the shared service center. Ms. Bourne commented that legislative action was necessary to establish a shared services center. Senator McDougle asked about debt collection in courts and localities, which Mr. Merrill said could also be done by a shared services center. Mr. Leighty suggested collecting data was also an important reason to consolidate: based on this data, the Commonwealth could develop ways to help citizens avoid debt. Mr. Rust and Ms. Bourne asked how a shared services center would affect state employees engaged in debt collection. Mr. Merrill said they could staff a consolidated center or shift to other employment within agencies. Secretary Brown added that their initial focus would be on in-house debt collection.

“Enterprise Content Management”- Dan Elam, Vice President, IQ Business Group

- Mr. Elam discussed ways to design enterprise content management in the context of the Freedom of Information Act, e-rule making, and budget reductions. He suggested email archives as a small and important step for the Commonwealth.
- Comments: Ms. Bourne asked about current Virginia laws on state agency record keeping. Mr. Elam said that the Library of Virginia sets the statutory requirements for record-keeping based on federal and state law and best practices. He added that the Library of Virginia could maintain and schedule records for agencies as a shared service. Mr. McDougle asked if adding localities to a state enterprise content management system would improve the return on investment. Mr. Elam said for a full suite of enterprise content management, the state would recoup its investment within 24 to 30 months. Once there was a baseline infrastructure, it would be easy and relatively inexpensive to add localities and other agencies. Mr. Rust commented that, like the State, local governments need to access legacy programs and asked if there is a scale to feasibility. Mr. Elam said as long as there was appropriate planning and governance structures, much of state and local government could be within one enterprise management system.

“Inspector General”-The Honorable Jack Rust

- Mr. Rust discussed how a state Inspector General would increase oversight of state agencies. Existing oversight agencies do not have independence for the state agencies in which they are housed or from the legislature. He noted that the US Government Accountability Office produces a 30% return on investment.

- Comments: Mr. Tillett said that the committee embraces the recommendation for an Inspector General and would like to develop an implementation plan. Secretary Brown suggested talking to the State Internal Auditor about their current volume and paperwork.

“Common Agency Operations”- Richard Sliwoski, Director, and Joe Damico, Deputy Director, Department of General Services (DGS)

- Mr. Sliwoski discussed DGS’s recent successes in consolidating mail services and real estate sales. He suggested consolidating laboratories and pharmacies and outsourcing facility management and housekeeping could save additional money. Mr. Damico discussed their partnerships with the Mathews County School District and web-based auctions in selling surplus property. Dr. David Holleran, Superintendent of Mathews County, said that DGS’s handling of surplus property had been very helpful. He described efforts to outsource fleet management and fuel services to produce additional cost-savings. Mr. Ron Bell from DGS’ eVA program outlined how eVA increased transparency and cost-savings for the state.
- Comments (real estate and property): Mr. Tillett asked how DGS could expand its real estate services. Mr. Sliwoski said that DGS could handle real estate for the Departments of Forestry, Health, Games and Inland Fisheries, and Conservation and Recreation. He added that DGS does not have a complete database of state-owned property. Ms. Bourne asked how the Commonwealth determined what property is surplus, which Mr. Sliwoski said happened at the individual agency level. He said DGS receives land use plans and plans to ask state agencies about their surplus property. Ms. Bourne asked about state spending on conservation easement, which Mr. Sliwoski said he did not know. Mr. Rust asked about a database of state property. Mr. Sliwoski said that they only have information for about 90% of state-owned property and no comprehensive database. Mr. Leighty asked if some of the proceeds from agencies’ real estate sales went toward conservation as used to be mandated. Secretary Brown said 50% of funds went to conservation, but that the process is highly decentralized. Mr. Leighty commented about the inefficiency of decentralization for both the Commonwealth and private landowners. Ms. Bourne asked for more information about the state’s mailing volume and costs.
- Comments (Fleet and eVA) Ms. Bourne asked about the terms of the forthcoming state fuel contract. Mr. Rust asked what agencies participated in DGS fleet management. Mr. Damico said the Departments of Environmental Quality, Emergency Response, Corrections, General Services, and Games and Inland Fisheries currently participated, but that he thought more agencies will join for the fuel card. Mr. Tillett and Mr. Leighty asked about the further savings possible from eVA. Mr. Bell said expanding to more localities, increasing agency usage, and implementing electronic invoicing will save more money. Mr. Rust asked about contract administration and utilities purchase through eVA. Mr. Bell noted that eVA consolidates high-volume purchase contracts, which localities are eligible for. He said that eVA does not do utilities purchasing. Mr. Tillett asked for a list of those agencies using eVA and those not. Mr. Bruning asked how well eVA provides customer service to vendors. Mr. Bell said that eVA has 95% customer and vendor satisfaction ratings.

#### Committee Comment

Mr. Bruning reminded those in attendance that they could submit recommendations at [www.reform.virginia.gov](http://www.reform.virginia.gov). Ms. Bourne asked about next steps for the committee. Mr. Leighty and Mr. Bruning said that the Governor's staff is in the process of synthesizing public comment from the website and town halls. Mr. Tillett asked committee members to attend a town hall meeting.

Ms. Bourne asked if the committee should examine the tax refund process. Secretary Brown said Virginia had a good and quick process for giving tax refunds.

Mr. Leighty noted that there might be increased opportunities for electronic payments. Ms. Bourne commented that not everyone has internet access and that identity theft is an issue.

Mr. Rust commented that any opening up of debt collection needs to have a mechanism for consumer protection.

### Closing

Mr. Tillett opened the floor for public comment. Seeing none, he adjourned the meeting at 4:38 pm.